

WESLEY HOUSE FAMILY SERVICES, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022



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**WESLEY HOUSE FAMILY SERVICES, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Wesley House Family Services, Inc.
Key West, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Wesley House Family Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wesley House Family Services, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Wesley House Family Services, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wesley House Family Services, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wesley House Family Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wesley House Family Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

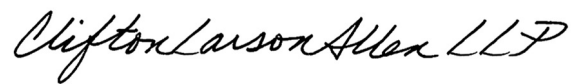
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, such as the schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Board of Directors
Wesley House Family Services, Inc.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2024, on our consideration of Wesley House Family Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Wesley House Family Services, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wesley House Family Services, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Lakeland, Florida
February 5, 2024

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,603,596	\$ 3,270,796
Cash and Cash Equivalents - Restricted	911,610	427,840
Grants Receivable	626,226	152,439
Contributions Receivable, Current Portion	11,361	18,190
Other Accounts Receivable	30,992	31,428
Prepaid Expenses	101,282	107,623
Operating Lease Right-Of-Use Asset, Net	60,277	-
Total Current Assets	5,345,344	4,008,316
NONCURRENT ASSETS		
Other Assets	83,418	80,132
Finance Leases Right-of-Use Assets, Net	7,549	-
Total Noncurrent Assets	90,967	80,132
FIXED ASSETS		
Land	2,880,706	2,880,706
Buildings	6,876,187	6,850,837
Improvements	144,868	144,868
Furniture and Fixtures	318,567	318,567
Equipment	267,665	267,665
Construction in Progress	168,069	37,405
Total Fixed Assets	10,656,062	10,500,048
Less: Accumulated Depreciation	(2,722,147)	(2,455,337)
Fixed Assets, Net	7,933,915	8,044,711
CONTRIBUTIONS RECEIVABLE, LESS CURRENT PORTION		
	199,441	210,801
Total Assets	\$ 13,569,667	\$ 12,343,960

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2023 AND 2022

	2023	2022
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 65,993	\$ 108,336
Accrued Expenses	396,430	385,468
Deferred Revenue	63,544	162,764
Current Portion of Operating Lease Obligation	60,901	-
Current Portion of Finance Lease Obligation	2,139	-
Total Current Liabilities	589,007	656,568
NONCURRENT LIABILITIES		
Long-Term Portion of Finance Lease Obligation	5,625	-
Total Noncurrent Liabilities	5,625	-
Total Liabilities	594,632	656,568
NET ASSETS		
Without Donor Restrictions:		
Undesignated	11,386,261	11,070,710
Total Without Donor Restrictions	11,386,261	11,070,710
With Donor Restrictions:		
Purpose Restrictions	1,377,972	387,691
Time-Restricted for Future Periods	210,802	228,991
Total With Donor Restrictions	1,588,774	616,682
Total Net Assets	12,975,035	11,687,392
Total Liabilities and Net Assets	\$ 13,569,667	\$ 12,343,960

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Grants	\$ 5,848,669	\$ 15,000	\$ 5,863,669
Program Fees	462,172	-	462,172
Special Events, Net of Costs of Direct Benefits to Donors	599,266	-	599,266
Contributions	246,289	1,036,056	1,282,345
Interest Income	95,847	2,510	98,357
Rental Income	78,034	-	78,034
Miscellaneous	92,224	-	92,224
Net Assets Released from Restrictions	81,474	(81,474)	-
Total Revenues and Other Support	7,503,975	972,092	8,476,067
EXPENSES			
Program Services:			
Full Case Management	4,582,835	-	4,582,835
Family Services	627,555	-	627,555
Healthy Families	556,245	-	556,245
Child Development Center	731,116	-	731,116
Management and General:			
Facility	107,438	-	107,438
Administration	252,794	-	252,794
Other Support Services	83,877	-	83,877
Fundraising	246,564	-	246,564
Total Expenses	7,188,424	-	7,188,424
CHANGE IN NET ASSETS	315,551	972,092	1,287,643
Net Assets - Beginning of Year	11,070,710	616,682	11,687,392
NET ASSETS - END OF YEAR	\$ 11,386,261	\$ 1,588,774	\$ 12,975,035

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Grants	\$ 5,578,490	\$ 20,000	\$ 5,598,490
Program Fees	534,983	-	534,983
Special Events, Net of Costs of Direct Benefits to Donors	292,406	-	292,406
Contributions	262,793	56,673	319,466
Interest Income	15,202	285	15,487
United Way	3,000	-	3,000
Rental Income	40,202	-	40,202
Miscellaneous	118,072	-	118,072
Gain on Disposal	44,159	-	44,159
Net Assets Released from Restrictions	103,875	(103,875)	-
Total Revenues and Other Support	6,993,182	(26,917)	6,966,265
EXPENSES			
Program Services:			
Full Case Management	4,288,969	-	4,288,969
Family Services	538,677	-	538,677
Healthy Families	550,195	-	550,195
Child Development Center	717,886	-	717,886
Management and General:			
Facility	68,321	-	68,321
Administration	226,989	-	226,989
Other Support Services	87,642	-	87,642
Fundraising	85,670	-	85,670
Total Expenses	6,564,349	-	6,564,349
CHANGE IN NET ASSETS	428,833	(26,917)	401,916
Net Assets - Beginning of Year	10,641,877	643,599	11,285,476
NET ASSETS - END OF YEAR	\$ 11,070,710	\$ 616,682	\$ 11,687,392

See accompanying Notes to Financial Statements.

**WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED JUNE 30, 2023**

	Program Services				Total Program Services	Management and General					
	Full Case Management	Family Services	Healthy Families	Child Development Center		Facility	Administration	Other Support	Total Management and General	Fundraising	Total
Salary and Wages	\$ 2,218,908	\$ 338,418	\$ 273,654	\$ 359,844	\$ 3,190,824	\$ 160,886	\$ 765,486	\$ -	\$ 926,372	\$ -	\$ 4,117,196
Benefits and Payroll Taxes	547,798	79,494	87,781	111,020	826,093	49,474	188,502	-	237,976	-	1,064,069
Rent	8,415	-	-	-	8,415	143,087	5,808	-	148,895	-	157,310
Depreciation & Finance Lease Amortization	14,100	-	-	47,896	61,996	205,335	1,638	-	206,973	-	268,969
Professional Fees	-	-	-	-	-	-	45,630	-	45,630	-	45,630
Client Related Expenditures	226,412	25,537	-	-	251,949	-	-	45,742	45,742	-	297,691
Travel	100,742	18,480	13,555	-	132,777	1,322	23,189	-	24,511	-	157,288
Staff Training	17,578	1,675	2,734	-	21,987	-	2,698	-	2,698	-	24,685
Utilities	-	-	-	29,931	29,931	42,372	-	-	42,372	-	72,303
Telephone	24,073	3,082	3,699	616	31,470	40,229	26,464	-	66,693	-	98,163
Office Operating Supplies	9,383	92	780	9,902	20,157	24,867	8,215	-	33,082	-	53,239
Food and Personal Care	571	-	1,616	22,127	24,314	-	2,063	-	2,063	-	26,377
Fundraising/Event Expenses	-	-	-	-	-	-	-	-	-	246,564	246,564
Other Grants Expenditures	3,998	-	-	25,427	29,425	-	1,629	19,946	21,575	-	51,000
Maintenance	451	-	-	31,645	32,096	122,389	46,981	-	169,370	-	201,466
Insurance	52,597	5,420	6,685	23,414	88,116	33,483	-	-	33,483	-	121,599
License and Hiring	39,426	4,567	-	8,681	52,674	163	6,751	-	6,914	-	59,588
Purchase of Service	19,023	1,516	-	-	20,539	2,968	28,679	-	31,647	-	52,186
Miscellaneous	21,110	2,343	11,035	3,233	37,721	1,959	15,232	18,189	35,380	-	73,101
Total Expenses	3,304,585	480,624	401,539	673,736	4,860,484	828,534	1,168,965	83,877	2,081,376	246,564	7,188,424
Allocation of Facility Costs	576,430	54,576	44,468	-	675,474	(721,096)	45,622	-	(675,474)	-	-
Allocation of Administration Costs	701,820	92,355	110,238	57,380	961,793	-	(961,793)	-	(961,793)	-	-
Total Expenses After Allocation	\$ 4,582,835	\$ 627,555	\$ 556,245	\$ 731,116	\$ 6,497,751	\$ 107,438	\$ 252,794	\$ 83,877	\$ 444,109	\$ 246,564	\$ 7,188,424

See accompanying Notes to Financial Statements.

**WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED JUNE 30, 2022**

	Program Services					Management and General					
	Full Case Management	Family Services	Healthy Families	Child Development Center	Total Program Services	Facility	Administration	Other Support	Total Management and General	Fundraising	Total
Salary and Wages	\$ 1,948,333	\$ 285,958	\$ 270,352	\$ 324,542	\$ 2,829,185	\$ 85,964	\$ 749,710	\$ -	\$ 835,674	\$ -	\$ 3,664,859
Benefits and Payroll Taxes	515,436	55,100	81,514	118,750	770,800	28,741	158,053	-	186,794	-	957,594
Rent	7,788	-	-	-	7,788	116,031	5,280	-	121,311	-	129,099
Depreciation	14,100	-	-	47,896	61,996	191,677	2,909	-	194,586	-	256,582
Professional Fees	-	-	-	-	-	-	38,875	-	38,875	-	38,875
Client Related Expenditures	304,332	24,882	-	-	329,214	-	-	55,786	55,786	-	385,000
Travel	86,512	14,256	14,274	-	115,042	1,156	14,809	-	15,965	-	131,007
Staff Training	17,960	856	1,893	278	20,987	-	1,252	-	1,252	-	22,239
Utilities	-	-	-	25,470	25,470	35,256	-	-	35,256	-	60,726
Telephone	22,548	3,193	3,708	618	30,067	13,117	26,443	-	39,560	-	69,627
Office, Operating Supplies	9,070	-	834	8,889	18,793	25,153	8,235	-	33,388	-	52,181
Food and Personal Care	37	-	354	20,936	21,327	-	748	2,223	2,971	-	24,298
Fundraising/Event Expenses	-	-	-	-	-	-	-	-	-	128,524	128,524
Other Grants Expenditures	5,684	-	-	27,367	33,051	-	-	29,633	29,633	-	62,684
Maintenance	379	-	-	43,039	43,418	92,205	50,372	-	142,577	-	185,995
Insurance	50,639	4,573	6,266	22,216	83,694	26,931	(1,437)	-	25,494	-	109,188
Licenses and Hiring	39,769	4,710	911	13,602	58,992	3,357	7,688	-	11,045	-	70,037
Purchase of Services	15,517	2,706	-	-	18,223	5,724	38,908	-	44,632	-	62,855
Miscellaneous	50,625	2,207	18,195	3,615	74,642	29,584	48,753	-	78,337	-	152,979
Total Expenses	3,088,729	398,441	398,301	657,218	4,542,689	654,896	1,150,598	87,642	1,893,136	128,524	6,564,349
Allocation of Facility Costs	455,745	47,598	48,325	-	551,668	(586,575)	34,907	-	(551,668)	-	-
Allocation of Administration Costs	744,495	92,638	103,569	60,668	1,001,370	-	(958,516)	-	(958,516)	(42,854)	-
Total Expenses After Allocation	\$ 4,288,969	\$ 538,677	\$ 550,195	\$ 717,886	\$ 6,095,727	\$ 68,321	\$ 226,989	\$ 87,642	\$ 382,952	\$ 85,670	\$ 6,564,349

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 1,287,643	\$ 401,916
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Gain on Disposal of Fixed Assets	-	(44,159)
Depreciation	266,812	256,583
Amortization of Operating Lease Right-of-Use Assets	88,286	-
Amortization of Finance Lease Right-of-Use Assets	2,157	-
(Increase) Decrease in Assets:		
Grants Receivable	(473,787)	(45,190)
Contributions Receivable	18,189	18,252
Other Accounts Receivable	436	42,421
Prepaid Expenses and Other Assets	3,055	(16,474)
Operating Leases Right-of-Use Assets	(148,563)	-
Finance Leases Right-of-Use Assets	(9,706)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	(42,343)	(24,734)
Accrued Expenses	10,962	(121,440)
Deferred Revenue	(99,220)	138,729
Operating Lease Obligation	60,901	-
Finance Lease Obligation	9,843	-
Net Cash Provided by Operating Activities	974,665	605,904
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(156,016)	(2,175,306)
Proceeds from Sale of Fixed Assets	-	372,590
Net Cash Used by Investing Activities	(156,016)	(1,802,716)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments on Finance Leases	(2,079)	-
Net Cash Used by Investing Activities	(2,079)	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	816,570	(1,196,812)
Cash and Cash Equivalents - Beginning of Year	3,698,636	4,895,448
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,515,206	\$ 3,698,636
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents	\$ 3,603,596	\$ 3,270,796
Cash and Cash Equivalents - Restricted	911,610	427,840
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,515,206	\$ 3,698,636

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

Wesley House Family Services, Inc. (Wesley House) is a nonprofit corporation organized under the laws of the state of Florida on January 11, 1975. Wesley House provides childcare and family support services within Monroe County, Florida. Wesley House is accredited under the Council on Accreditation.

Wesley House offers four primary community support services for the families and children of Monroe County: Community-based care programs working with community partners to assist children and families in the dependency care system, prevention support and intervention services, an in-home support program that promotes child health and development and encourages stable and positive child-parent relationships, and one directly operated childcare site in Key West. All of the services are provided throughout Monroe County, Florida through locations in Key West and Key Largo.

Basis of Accounting

The financial statements of Wesley House have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash consists of cash on hand as well as demand deposits. The carrying amount of Wesley House's cash as of June 30, 2023 and 2022, are \$4,515,206 and \$3,698,636, respectively. The bank balances are \$4,534,140 and \$3,742,253, respectively. Balances in cash and cash equivalents are collateralized, covered by the Federal Deposit Insurance Corporation (FDIC), or covered by the National Credit Union Association. The main operating account balance may exceed the FDIC maximum allowable amount; however, it is secured additionally by Government Securities, A-rated Corporate Bonds and/or Municipal Bonds.

Cash and Cash Equivalents – Restricted

Wesley House restricts cash to include a balance sufficient to cover the amounts held in net assets with donor restrictions, less the contribution receivable.

Grants and Other Receivables

Accounts receivable are stated at unpaid balances. There is no allowance as management believes the collection of grant receivables is highly likely.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets

Purchased fixed assets are recorded at cost. Donated assets are recorded at fair market value at the time of donation. Wesley House has a policy for capitalizing expenditures for fixed assets with costs greater than \$5,000 and an expected useful life of at least one year. Major renewals and betterments are capitalized while minor renewals and betterments are expensed as incurred. When assets are purchased with certain grant funds, they are subject to certain use restrictions and disposition procedures. Depreciation expenses are provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	10 to 39 Years
Furniture, Fixtures, and Equipment	3 to 10 Years

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Net Assets Released from Restrictions

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as Net Assets Released from Restrictions.

Revenue Recognition

Revenue is recognized when earned. Program fees, rental income and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give or notification of beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Wesley House received cost-reimbursable grants of \$39,509 and \$138,730 that have not been recognized as of June 30, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Grants remaining unused at the end of an accounting period are carried forward as net assets with restrictions. Wesley House may retain unexpended funds for use in future periods providing expenses incurred are in compliance with the specified terms of each grant.

Donated Services, Facilities, and Land

A substantial number of volunteers have donated time to Wesley House's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not meet requirements for recording under generally accepted accounting principles. Materials, facilities use, and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt. See Note 3 for information on below market leases received by Wesley House.

Leases

Wesley House Family Services, Inc. determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease obligation on the statement of financial position. Finance leases are included in finance leases right-of-use (ROU) assets and finance lease obligation on the statements of financial position.

ROU assets represent Wesley House Family Services, Inc.'s right to use an underlying asset for the lease term and lease obligation represents the Wesley House Family Services, Inc.'s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses its implied rate based on information available at commencement date in determining the present value of lease payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Wesley House Family Services, Inc. will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Wesley House Family Services, Inc. has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease obligations or right of use assets on the statements of financial position.

Wesley House Family Services, Inc. has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Wesley House is a nonprofit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes has been made in the accompanying financial statements. Wesley House has adopted Accounting Standards Codification (ASC) 740-10 as it relates to uncertain tax positions. When applicable, any interest and penalties recognized associated with a tax position are classified as current liabilities in Wesley House's financial statements. Wesley House is not aware of any activities that would jeopardize its tax-exempt status.

Concentration of Credit Risk

Wesley House received a substantial portion of its revenues from various state and federal grants. Government funding may be significantly impacted by budget allocations and, consequently, changes in that funding may affect Wesley House's operations. For the years ended June 30, 2023 and 2022, the following entities provided more than 10% of total revenues:

	<u>2023</u>	<u>2022</u>
Citrus Family Care Network	60%	70%

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. This allocation is based upon time and effort spent on the programs and supporting services. Costs that are directly related to Wesley House's specific purpose have been recorded as a direct expense and included as program services.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease obligations on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease obligations by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Wesley House Family Services, Inc. adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during the period.

Wesley House Family Services, Inc. has elected to adopt the package of practical expedients available in the year of adoption. Wesley House Family Services, Inc. has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of Wesley House Family Services, Inc.'s ROU assets.

Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2023 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2023. Management has performed their analysis through February 5, 2024, and has noted no subsequent events.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2023	2022
Cash and Cash Equivalents	\$ 3,603,596	\$ 3,270,796
Grants Receivable	626,226	152,439
Accounts Receivable	30,992	31,428
Total	\$ 4,260,814	\$ 3,454,663

The vast majority of Wesley House's assets are without donor restriction. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 CONTRIBUTIONS RECEIVABLE

Below market leases are considered unconditional promises to give. The promise to give is recorded as revenue in the current year, though no funds have been received. For the years ended June 30, 2023 and 2022, Wesley House's contributions receivable was \$210,799 and \$228,991, respectively. Included in "contributions receivable" are below market leases for the following childcare and family service sites and land for June 30, 2023:

	Spalding Court	Truman Lot	Total
Due in Less than One Year	\$ 17,734	\$ 3,024	\$ 20,758
Due in One to Five Years	96,977	-	96,977
Due in More than Five Years	559,709	-	559,709
Total	<u>674,420</u>	<u>3,024</u>	<u>677,444</u>
Unamortized Discount	(465,877)	(768)	(466,645)
Total Contributions Receivable, Net	<u>\$ 208,543</u>	<u>\$ 2,256</u>	<u>\$ 210,799</u>

Fair values of the leases are assumed to increase 3.0% each year and the discount rate varies according to lease inception terms. Spalding Court was discounted at a rate of 4.0%. Truman Lot was discounted at a rate of 2.7%.

Wesley House considers its receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required.

NOTE 4 PENSION PLAN

Wesley House participates in the Pension Plan through the General Board of Pensions of United Methodist Church (the Plan). The Plan covers substantially all employees. Employees become eligible for active plan participation effective the month following their date of hire. Contributions to the Plan by Wesley House are calculated at 6.0% of an eligible employee's gross pay. Wesley House employees are required to make contributions of 3.0% of their gross pay to receive the employer match. Upon becoming a participant in the Plan, contributions made by the employees become full vested. Vesting of employer contributions is dependent upon hire dates. For the years ended June 30, 2023 and 2022, Wesley House's pension contribution was \$122,077 and \$117,441, respectively.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 LEASES

In-Kind Leases

A facility supporting children and family is rented at a cost of \$1 per year until March 2049. The estimated fair rental value of the property is \$17,218 and \$16,716 for the years ended June 30, 2023 and 2022, respectively. The Truman Lot is rented at a cost of \$1 per year until September 2023. The estimated fair value of the property during the year is \$11,743 and \$11,427 for the years ended June 30, 2023 and 2022, respectively.

Operating and Finance Leases

Wesley House Family Services, Inc. leases equipment as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2027 and provide for renewal options ranging from 12 months to 3 years. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Additionally, the agreements generally require Wesley House Family Services, Inc. to pay real estate taxes, insurance, and repairs.

The following tables provide quantitative information concerning the Organization's leases for the year ended June 30, 2023:

	Lease Cost
Finance Lease Cost	
Amortization of Right-of-Use Assets	\$ 2,157
Interest on Lease Liabilities	261
Operating Lease Cost	88,286
Total Lease Cost	<u>\$ 93,593</u>

	Other Information
Cash Paid for Amounts Included in the Measurement of Lease Liabilities	
Operating Cash Flows from Operating Leases	\$ 88,286
Operating Cash Flows from Finance Leases	2,157
Financing Cash Flows from Finance Leases	2,079
Right-of-Use Assets Obtained in Exchange for New Operating Lease liabilities	148,563
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	9,706
Weighted-Average Remaining Lease Term - Operating Leases	0.6 years
Weighted-Average Remaining Lease Term - Financing Leases	3.4 years
Weighted-Average Discount Rate - Operating Leases	2.85%
Weighted-Average Discount Rate - Fiance Leases	2.88%

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 LEASES (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023, is as follows:

Maturity Analysis	Operating	Finance	Totals
2024	\$ 61,408	\$ 2,340	\$ 63,748
2025	-	2,340	2,340
2026	-	2,340	2,340
2027	-	1,170	1,170
Thereafter	61,408	8,190	69,598
Undiscounted Cash Flows	(507)	(426)	(933)
(Less) Imputed Interest	60,901	7,764	68,665
Total Present Value			
Short-Term Lease Liabilities	(60,901)	(2,139)	(63,041)
Long-Term Lease Liabilities	-	(5,625)	(5,625)
	\$ (60,901)	\$ (7,764)	\$ (68,665)

NOTE 6 PUBLIC SUPPORT REQUIRING LOCAL RESOURCE MATCH

During 2023, Wesley House received various grants. The following contracts required a specific local match:

Contract Title	Contract Number	Match Required	Match Provided
Ounce of Prevention Fund of Florida	HF - 20-23	\$ 91,875	\$ 103,227
Citrus Family Care Network	NA	94,133	119,859
Total		\$ 186,008	\$ 223,086

NOTE 7 CONTINGENCIES

Wesley House receives a substantial amount of its support from federal and state governments in the form of grants. A significant reduction in the level of this support, if this were to occur, may have a significant effect on Wesley House's programs and activities.

Government grants require the fulfillment of certain conditions as set forth in the grant agreements. Failure to fulfill the conditions could result in the return of the funds to grantors. Based upon prior experience, management believes that disallowances, if any, would be immaterial.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 ENDOWMENT COMPOSITION

Wesley House's endowment consists of funds established by the Marion Stevens Will. The fund was established in 2001 requiring the principal of the endowment to remain intact. The income from the endowment principal is used to fund scholarships for children whose families barely exceed the low-income guidelines.

Endowment funds by category from inception to date and changes in endowment net assets for the year ended June 30, 2023 consist of the following:

	Without Restrictions	With Restrictions	Total
Net Assets at Beginning of Year	\$ -	\$ 129,936	\$ 129,936
Investment Return:			
Interest Income	-	2,510	2,510
Appropriations	-	(2,510)	(2,510)
Investment Expenses	-	-	-
Total	<u>\$ -</u>	<u>\$ 129,936</u>	<u>\$ 129,936</u>

Endowment funds by category from inception to date and changes in endowment net assets for the year ended June 30, 2022 consist of the following:

	Without Restrictions	With Restrictions	Total
Net Assets at Beginning of Year	\$ -	\$ 129,936	\$ 129,936
Investment Return:			
Interest Income	-	285	285
Appropriations	-	(285)	(285)
Total	<u>\$ -</u>	<u>\$ 129,936</u>	<u>\$ 129,936</u>

Interpretation of Uniform Prudent Management of Institutional Funds

During 2011, the state of Florida has enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) enhanced disclosure required by Accounting Standard Codification Endowments of Not-for-Profit Organizations: Net Assets Classification of Funds Subject to an Enacted Version of the UPMIFA, and Enhanced Disclosure for All Endowment Funds which become effective July 1, 2012. The board of directors of Wesley House is requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds per the donor stipulations.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 ENDOWMENT COMPOSITION (CONTINUED)

Interpretation of Uniform Prudent Management of Institutional Funds (Continued)

As a result of this interpretation, Wesley House classifies the endowment as net assets with donor restrictions. Wesley House considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Wesley House and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Wesley House
- 7) The investment policies of the Wesley House

Return Objectives and Risk Parameters

Wesley House has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Strategies Employed for Achieving Objectives

The purpose of the Endowment Fund is to facilitate the board's desire to develop a source of revenue for Wesley House. In so doing, the Endowment Fund will provide a secure, long-term source of funds to: (a) fund special grants; (b) ensure long-term growth; (c) enhance our ability to meet changing needs in both the short and long-term; and (d) support the administrative expenses of Wesley House as deemed appropriate.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The restrictions on the donor restriction funds allows for the use of net income to fund scholarships for children whose families are in need of support.

Funds with Deficiencies

From time to time, the fair value of assets associated with the donor-restricted endowment funds could fall below the level that Wesley House's policies require to retain as a fund of perpetual duration. Wesley House has limited the likelihood of this by keeping the funds conservatively invested in a banking account. If there ever was a deficiency of this nature, it would be reported in net assets without restrictions. Wesley House does not have any deficiencies as of June 30, 2023 and 2022. Donor-restricted endowment funds are included in the statement of financial position under the following asset categories:

	2023	2022
Cash and Cash Equivalents - Restricted	<u>\$ 129,936</u>	<u>\$ 129,936</u>

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as follows at June 30:

	<u>2023</u>	<u>2022</u>
Subject to the Passage of Time:		
Present Value of Below Market Leases	\$ 210,802	\$ 228,991
Subject to Expenditure for Specified Purpose:		
Food and Backpack Program	48,080	48,080
Foster Children Fund	82,867	65,864
Holiday Helpers	20,558	24,047
Summer Camps	57,168	54,078
SMS Program	-	17,939
Edward Knight Construction Project	1,000,000	-
Miscellaneous Programs	39,363	47,747
Total	<u>1,458,838</u>	<u>486,746</u>
Endowments		
Not Subject to Spending Policy or Appropriation	<u>129,936</u>	<u>129,936</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 1,588,774</u></u>	<u><u>\$ 616,682</u></u>

Net assets were released from donor restriction by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Satisfaction of Passage of Time:		
Present Value of Below Market Leases	\$ 18,189	\$ 18,252
Satisfaction of Purpose Restrictions:		
Backpack Program	-	2,223
Foster Children Fund	11,522	11,709
Holiday Helpers	11,448	20,948
Summer Camps	11,911	27,288
Marion Stevens Scholarships	2,510	285
Miscellaneous Programs	25,894	23,170
Total	<u><u>\$ 81,474</u></u>	<u><u>\$ 103,875</u></u>

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 LAND, BUILDINGS, AND EQUIPMENT

Capital additions are recorded at cost at the date of acquisition or fair market value at the date of donation. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. A summary of assets as of June 30 is as follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 2,880,706	\$ 2,880,706
Buildings	6,876,187	6,850,837
Improvements	144,868	144,868
Furniture and Fixtures	318,567	318,567
Equipment	267,665	267,665
Construction in Progress	168,069	37,405
Total	<u>10,656,062</u>	<u>10,500,048</u>
Less: Accumulated Depreciation	<u>(2,722,147)</u>	<u>(2,455,337)</u>
Total	<u>\$ 7,933,915</u>	<u>\$ 8,044,711</u>

Depreciation for the years ended June 30, 2023 and 2022 was \$266,812 and \$256,583, respectively.

As of June 30, 2023, Wesley House was under contract for construction of a new Key Largo office building. Construction set to begin in September 2023. The estimated cost of construction is approximately \$2,726,056.

NOTE 11 RELATED PARTY TRANSACTIONS

Wesley House received funds from the members of the board totaling \$44,080 and \$62,450 for the years ended June 30, 2023 and 2022, respectively.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Wesley House Family Services, Inc.
Key West, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Wesley House Family Services, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 5, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wesley House Family Services, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wesley House Family Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Wesley House Family Services, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Wesley House Family Services, Inc.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wesley House Family Services, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Wesley House's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wesley House's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Lakeland, Florida
February 5, 2024



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Wesley House Family Services, Inc.
Key West, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Wesley House Family Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Wesley House Family Services, Inc.'s major federal programs for the year ended June 30, 2023. Wesley House Family Services, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Wesley House Family Services, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Wesley House Family Services, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Wesley House Family Services, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Wesley House Family Services, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Wesley House Family Services, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Wesley House Family Services, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Wesley House Family Services, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Wesley House Family Services, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Wesley House Family Services, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

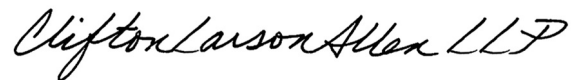
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of Directors
Wesley House Family Services, Inc.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Lakeland, Florida
February 5, 2024

WESLEY HOUSE FAMILY SERVICES, INC.
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
FEDERAL AWARDS - PASSED THROUGH				
U.S. Department of Health and Human Services				
Passed-through Citrus Family Care Network (Community Based Care Cluster Program)				
Promoting Safe and Stable Families Temporary Assistance for Needy Families (TANF) Block Grants	93.556	NA	\$ -	\$ 153,428
Grants To States For Access And Visitation Programs	93.558	NA	-	616,717
Child Welfare Services - State Grants	93.597	NA	-	8,331
Foster Care - Title IV-E	93.645	NA	-	116,392
Adoption Assistance	93.658	NA	-	851,936
Social Services Block Grant	93.659	NA	-	127,590
Administration for Children, Youth and Families - Child Abuse	93.667	NA	-	193,893
	93.669	NA	-	<u>21,871</u>
				2,090,158
Passed-through the Ounce of Prevention Fund of Florida:				
Healthy Families - TANF	93.558	HF-20-23	-	\$ 129,113
Promoting Safe and Stable Families	93.556	HF-20-23	-	<u>70,527</u>
Total Passed-Through the Ounce of Prevention Fund of Florida				<u>199,640</u>
Total Federal Awards				<u><u>\$ 2,289,798</u></u>

See accompanying Notes to Schedule of Expenditures and State Financial Assistance.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Wesley House Family Services, Inc. (Wesley House) under programs of the federal government and State of Florida for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Wesley House, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Wesley House.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Wesley House has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 RECONCILIATION

Wesley House received state matching dollars, which are not reported on the Schedule, but were included in the Statement of Activities. Below is the total of state matching dollars:

<u>State Match Not Subject to Single Audit</u>	<u>Amount</u>
Citrus Family Care Network	\$ 2,615,022
Ounce of Prevention Fund (HF-20-23)	234,306
	<u>\$ 2,849,328</u>

**WESLEY HOUSE FAMILY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None noted
Noncompliance material to basic consolidated financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None noted
Type of auditor’s report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Federal Programs

Assistance Listing Number	Name of Federal Program(s) or Cluster
93.658	Foster Care – Title IV-E/a

Dollar threshold used to determine Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes